

Message Text

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PAGE 01 MANILA 00285 091039Z

11

ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 USIA-15 PRS-01

SCEM-02 INT-08 SCI-06 COME-00 DRC-01 /146 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 0211

CONFIDENTIAL MANILA 0285

E.O. 11652: GDS

TAGS: ENRG, EGEN, RP

SUBJECT: PETROLEUM -- GOP EFFORT TO RENEW GULF CONTRACT WITH
FILOIL

REF: MANILA 0149

1. FURTHER TO REQUEST REPORTED REFTEL, EC/COM COUNSELOR
DISCUSSED PHILIPPINE PETROLEUM SUPPLY SITUATION IN
DEPTH WITH INDUSTRY SECRETARY PATERNO JANUARY 9.
PATERNO REPORTED HAVING RECEIVED TELEPHONE CONFIRMATION
THAT SAUDI ARABIA HAD PLACED PHILIPPINES
ON EXEMPT LIST. HE SAID THEREFORE THAT REMAINING
CRITICAL ISSUE IN PHILIPPINE ENERGY OUTLOOK IS THE
FUTURE OF THE FILOIL CONTRACT WITH GULF. HE REAFFIRMED
THAT SUPPLIES UNDER THIS CONTRACT WILL TERMINATE AS OF
THE END OF JANUARY.

2. WE HAD DISCUSSED FILOIL APPROACHED TO GULF IN
DEPTH WITH FILOIL PRESIDENT DEL ROSARIO WHO REPORTS
ESSENTIALLY THAT GULF NOT ILL-DISPOSED TOWARD
WORKING OUT A NEW CONTRACT BUT GULF MANAGEMENT
HAD INDICATED IN LAST TALKS BETWEEN DEL ROSARIO AND
PITTSBURGH THAT IN THE ABSENCE OF SPECIFIC ARAB
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PAGE 02 MANILA 00285 091039Z

WILLINGNESS TO SUPPLY PHILIPPINE NEEDS NO CONTRACT *OULD

BE IMPLEMENTED.

3 FHI: LOCAL SUPPLY SITUATION APPEARS TO HAVE
EASED SOMEWHAT WITH THE PROPOSAL BY AMOCO TO
SUPPLY AS MUCH AS 4 MILLION BARRELS MORE OF MERALCO
CRUDE OIL NEED THAN EARLIER SUPPLIED. AMOCO INPUTS
WOULD BE CYRUS CRUDE FROM IRAN WITH LIGHT ENDS AMOUNTING TO
ONLY ABOUT 10 PERCENT, BUT SUPPLIED AT A COMPARATIVELY
FAVORABLE PRICE IN THE RANGE OF \$7.50 A BARREL. END FYI.

4. COMMENT: WHILE IT LOOKS TO US THAT DEVELOPMENTS
RESPECTING PHILIPPINE ENERGY SUPPLIES MOVING IN FAVORABLE
DIRECTION, IT IS OBVIOUSLY STILL IMPORTANT THAT SUITABLE
ARRANGEMENTS BE FOUND TO FILL THE SUPPLY GAP REPRESENTED
BY THE FORMER GULF CONTRACT. WE HOPE
DEPARTMENT WILL BE ABLE TO INFORM US SOON OF ANY
REACTION GULF MAY HAVE TO THE PHILIPPINE OVERTURE.
SULLIVAN

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